

ENERGY EFFICIENCY FINANCING APPLICATION

**Loans
3%
Interest
Rate**



GRANT DAVIS, Governor

**Schools
Hospitals
Local Government
Special Districts
Public Care Institutions**

California Energy Commission

Assembly Bill 29X was approved by the legislature and signed into law by Governor Gray Davis on April 11, 2001. The law provides the California Energy Commission with \$50 million to provide low interest loans and grants for energy saving projects.

Financing For Energy Efficiency

Who is Eligible?

- Public or Non-profit Schools and Colleges
- Cities
- Counties
- Public or Non-profit Hospitals
- Special Districts
- Public or Non-profit Public Care Institutions

What Types of Projects are Eligible?

Purchase and install commercially available energy efficiency equipment with proven energy and/or capacity savings, including but not limited to:

- Lighting
- Motors and pumps
- Heating and air conditioning systems
- Automated energy management systems and controls
- Cogeneration equipment
- Light emitting diode traffic signal modules
- Renewable energy systems
- Thermal Energy Storage systems
- Energy audits/feasibility studies

Projects already funded with an existing Energy Commission loan are ineligible. Call to discuss project eligibility.

Project Start Date The Energy Commission must have your application on file before you can start your project. However, only project-related costs that are paid for after the Energy Commission's Efficiency Committee approval may be included in the loan request. The applicant assumes all financial risk should the Committee disapprove the application. If the loan is disapproved for any reason, the Energy Commission is not responsible for reimbursement of any costs.

What Types of Facilities are Eligible?

Existing buildings or other energy using facilities. Some new buildings and facilities. Call to discuss eligibility.

How Much is Available? Up to \$48 million is available for financing eligible energy efficiency projects. Loans can finance up to 100 percent of the project costs.

When Should I Submit My Application?

This solicitation is a continuously open program with no final filing date. Applications for funding will be accepted on a first come, first served continuous basis, reviewed by a technical review committee, and awarded based on project merit. The Energy Commission reserves the right to close the solicitation period at any time.

Criteria for Loan Approval Energy efficiency projects must be technically and economically feasible. Loans must be repaid from energy savings within 11 years, including principal and interest. This translates to an approximate 9-year simple payback.

$$\text{Simple Payback (yrs)} = \frac{\text{Amount of Loan (\$)}}{\text{Anticipated Annual Energy Cost Savings (\$/yr)}}$$

Interest Rates The interest rate is 3.0 percent and it will be fixed for the term of the loan.

Loan Security Requirements For public entities, loans are secured by a promissory note and a loan agreement between the applicant and the Energy Commission.

Nonprofit organizations may be required to secure the loan through sufficient assets, a deed of trust, certificate of deposit, or other means as determined by the Energy Commission.

Repayment Terms The repayment schedule is based on the annual projected energy cost savings from the aggregated project(s), using energy costs and operating schedules at the time of loan approval. In some cases, the loan repayment schedule can be extended up to 11 years.

Applicants will be billed twice a year after the projects are completed.

How Will Funds Be Disbursed? The funds are available on a reimbursement basis. For each reimbursement request, receipts or invoices for expenses incurred must be submitted along with payment verification by your organization. In some

cases, purchase orders for equipment or services may be accepted in lieu of actual receipts. The final 10 percent of the funds will be retained until the project is completed. Interest is charged on the unpaid principal computed from the date of each disbursement to the borrower.

Incentives The Energy Commission is providing two incentives for projects completed before May 1, 2002. The total amount available for these incentives is \$3 million. Incentives are available on a first come, first served basis.

- **Early Project Completion Incentive** To be eligible for an Early Project Completion Incentive (EPCI), all projects in the loan agreement must be completed, installed, and operational by May 1, 2002. No incentives will be given if only some of the projects identified in the loan agreement are completed. Projects ineligible for the EPCI include the following: a) light emitting diode traffic signal projects receiving incentives from Pacific Gas and Electric, Southern California Edison or San Diego Gas and Electric Companies; b) stand-alone energy audits/feasibility studies; c) projects that are already receiving any utility and any other Energy Commission incentive for early project completion, and d) projects already receiving utility or other incentives that total 50 percent or more of the project cost. The EPCI will be calculated at the time all projects are completed and will reduce the loan principal. The EPCI will be calculated using only one of the following percentages.

EPCI	Project Completion Date
15 % x loan funds drawn	July 15, 2001
10 % x loan funds drawn	September 1, 2001
5 % x loan funds drawn	December 31, 2001
3 % x loan funds drawn	May 1, 2002

The amount used in the Energy Commission's final loan amortization schedule will be calculated as follows:

$$\text{Final Principal Financed} = \text{Loan Funds Drawn} - \text{EPCI}$$

• Technical Assistance Completion

Incentive (TACI) A TACI will be provided if you hired a consultant to prepare the energy audit or feasibility study to justify the projects in the loan application. To be eligible for the TACI, all the following requirements must be met: 1) the audit/study must be completed after May 1, 2001, and was prepared by an independent consultant; 2) the audit/study must follow the Commission's *Guide to Preparing Feasibility Studies for Energy Efficiency Projects*¹, publication number 400-00-002; 3) the Energy Commission approves a loan for the project(s) identified in the study/audit; and 4) all loan-funded projects identified in the study must be installed and operating by May 1, 2002. The TACI will be calculated at the time all projects are completed and will reduce the loan principal. The TACI amount will be equal to the EPCI or 50 percent of the audit/study cost, whichever is less.

If you are eligible for both the EPCI and the TACI, the amount used in the Energy Commission's final loan amortization schedule will be calculated as follows:

$$\text{Final Principal Financed} = \text{Loan Funds Drawn} - \text{EPCI} - \text{TACI}$$

Example:

Total approved loan amount = \$100,000
 Loan funds drawn on September 1, 2001 = \$100,000
 Energy audit cost = \$10,000
 All projects are installed by September 1, 2001

Loan Funds Drawn	EPCI	TACI	Final Principal Financed
\$100,000	\$10,000	\$5,000	\$85,000



¹ Can be downloaded at http://www.energy.ca.gov/reports/2000-03-20_400-00-002.PDF or call 916-654-4008

The Application

How Do I Apply? Unless otherwise specified in the “Other Information” column, you must submit the following, otherwise your application is incomplete. For incomplete applications, information must be received within a specified time or the application will be returned unprocessed.

Application Package Items	Copies Needed	Other Information
✓ Completed and signed loan application	Original plus one copy	
✓ Feasibility Study*	One copy	Study must describe proposed energy efficiency projects, including calculations and assumptions to support the technical feasibility and energy savings. To be considered for the TACI, your study must follow the Commission’s <i>Guide to Preparing Feasibility Studies</i> . Submit a dated invoice from your consultant showing the study cost.
✓ Proposed budget detailing all project costs	Two copies	
✓ Proposed schedule for implementation of the projects	Two copies	To be eligible for the EPCI, you must complete all projects in the loan agreement. Do not mix EPCI projects with those completed after May 1, 2002, within the same application.
✓ Original or certified copy of a signed resolution, motion, order, etc. from your governing board (see sample).	One copy	The resolution need not be submitted with the application, but it must be received by the time of final loan package signatures. The title of the official signing the loan agreement should be the same one named in the resolution, motion, or order.
✓ Additional items for nonprofit organization: 1) Internal Revenue Service (IRS) Letter of Determination and 2) most recent financial statement audit covering a 12-month period.	One copy	Nonprofit organizations should call before applying.

* If you are submitting multiple applications, please put each application package in a separate envelope. If the energy audit/feasibility study is used to justify energy efficiency projects in multiple applications, submit one copy of the audit/study and indicate the application package that contains the audit/study.

<p>Where Do I Submit My Application? Send your application package with the specified copies to:</p> <p>California Energy Commission Grants and Loans Office Attn: ECAA Loan Program 1516 Ninth Street, MS #1 Sacramento, CA 95814-5512</p> 	<p>Who Do I Call?</p>  <p>Call the California Energy Commission at (916) 654-4008 to discuss project and facility eligibility, funding availability, and application requirements.</p>
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Energy Commission staff will review your application and contact you within 15 days. It may be necessary to arrange a site visit to discuss your project and loan request.

Gray Davis

Governor

Mary D. Nichols

Secretary for Resources



California Energy Commission

William J. Keese

Chair

Commissioners

Robert A. Laurie

Michal C. Moore

Robert Pernell

Arthur H. Rosenfeld

Steve Larson

Executive Director

May 2001

APPLICATION FOR ENERGY COMMISSION FINANCING

1. APPLICANT INFORMATION

Applicant: _____

Mailing Address: _____

City Zip

Street Address: _____

City Zip

County: _____

Contact Person: _____ Title: _____

Telephone: _____ Fax: _____

E-mail address: _____

2. PROJECT INFORMATION

A. Have you already applied for utility rebates and incentives for the projects that you are requesting loan funding?

☐ Yes, Go to Item B

☐ No, we have not applied but plan to do so in the future, Go to Item B

☐ No, we do not plan to apply for any utility rebates, Go to Question 3

☐ Don't know what programs are available, Go to Question 3

B. If you have applied for utility rebates or plan to do so for the projects in your loan application, please indicate:

Name of Utility: _____

Name of Utility Efficiency Programs: _____

Estimated Amount of Rebate, if known: _____

3. PROJECT SCHEDULE

Tentative project start date: _____

Tentative project completion date: _____

4. PROJECT BUDGET

Total project costs (include all installation costs): _____

Amount requested from the Energy Commission: _____

5. CERTIFICATION

To the best of my knowledge and belief, the data in this application are correct and complete.

Name of Authorized Representative: _____

Title: _____

Signature of Authorized Representative: _____

Date: _____ Telephone: _____ Fax: : _____

Summary of Recommended Energy Efficiency Measures in Loan Request

For each application, list the projects for which you are requesting a loan and identify the savings, project cost and payback for each project. Total the savings and project cost at the end of the table. Insert more rows as needed.

Project	Peak Demand Savings (kW)	Annual Electric Savings (kWh)	Annual Natural Gas Savings (therms)	Annual Other Energy Savings (specify units)	Annual Cost Savings	Project Installation Cost	Simple Payback (years)
Example: Install T8 lamps and electronic ballast	48	266,405	0	0	\$24,113	\$100,790	4.2
TOTAL							

SAMPLE RESOLUTION

RESOLUTION NO.

Resolution of

Name of Institution or Organization

WHEREAS, the California Energy Commission provides loans to schools, hospitals, local governments, special districts, and public care institutions to finance energy efficiency improvements;

NOW THEREFORE, BE IT RESOLVED, that _____
Governing Body
authorizes _____ to apply for an energy efficiency
Name of Institution or Organization
loan from the California Energy Commission to implement energy efficiency measures.

BE IT ALSO RESOLVED, that if recommended for funding by the California Energy Commission, the _____ authorizes _____
Governing Body *Institution or Organization*
to accept a loan up to \$ _____
Loan amount requested

BE IT ALSO RESOLVED, that the amount of the loan will be paid in full, plus interest, under the terms and conditions of the Loan Agreement and Promissory Note of the California Energy Commission.

BE IT FURTHER RESOLVED, that _____ is hereby
Title of Designated Official
authorized and empowered to execute in the name of _____
Institution or Organization
all necessary documents to implement and carry out the purpose of this resolution, and to undertake all actions necessary to undertake and complete the energy efficiency projects.

Passed, Approved and Adopted this ____ day of _____, _____.
Month *Year*

Governing Board Representatives:

